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SUBJECT: MFA U/S ON IRAQ DEBT FORGIVENESS, DPM SALIH VISIT

Classified By: Ambassador Richard LeBaron for reasons 1.4 (b) and (d)

¶1. (C/NF) In a November 6 meeting with Ambassador, MFA U/S Khalid Jarallah said bilateral meetings between Iraqi Deputy Prime Minister Barham Salih and Kuwaiti officials on the margins of the recent Iraq Compact meetings here had been "fruitful." He said Salih had raised with the Amir the issue of forgiveness for Iraqi debt to Kuwait. The Amir replied by posing the question, "Is anyone in Kuwait asking you about these debts?" Salih agreed they were not, but noted Iraq's interest in getting the debts off the books. The Amir asked for patience, saying that in time Iraq will have "good news," and adding that "we are committed to helping this (Iraq's) government." The Amir encouraged Salih to take advantage of the money available to Iraq through the Kuwait Fund (septel). Salih said they had begun to do this, and would follow up.

¶2. (C/NF) Jarallah said the Prime Minister, in his own meeting with Salih, noted that any debt relief will have to go through the National Assembly. Jarallah admitted that the National Assembly would be a tough nut to crack. Still, he said, most in the NA at the end of the day will be "realistic." But he also admitted that the Government probably cannot put the debt issue in front of the Assembly now, given the tense atmosphere there. (Note: Some MPs have recently fired shots across the government's bow on this, anticipating a GOK move to force it through the Assembly. Iraq debt relief will be extremely unpopular in Kuwait, and opposition MPs will not hesitate to block movement on the issue and use it to score political points. They are now very focused on relieving Kuwaiti consumer debt, which the government opposes. In this environment, the GOK is unlikely to make Iraq debt relief a legislative priority).

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LeBaron